

Your Long-Term Care Planning Kit

Information and tools to start planning today.



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Welcome!

By requesting this kit, you've taken the first step toward preparing for the years ahead.

Planning for your long-term care may seem like a daunting task—but it doesn't have to be. You can secure your future by knowing your options, planning wisely, and taking action. The information and tools in this kit can help you get started.

Remember, it's your future. Own it!



The Texas Long-Term Care Partnership was created by the Texas Legislature to give Texans like you the information and tools you need to plan for long-term care. The Partnership is a collaborative effort between private long-term care insurance providers, their authorized agents, and state government agencies, including the Texas Department of Insurance, the Texas Health and Human Services Commission, and the Texas Department of Aging and Disability Services.



Understanding Long-Term Care

Long-term care refers to a variety of services and supports that help you with health or personal care needs over an extended period of time. You may need long-term care if you develop a prolonged or chronic illness, or sustain a serious injury or disability. Long-term care may also be needed if you develop a cognitive impairment that causes memory loss or disorientation, such as Alzheimer's, or even if you just need assistance due to the normal frailties of aging.

There is a difference between traditional health-care services and long-term care services. Health-care services focus on the prevention and treatment of medical conditions. Long-term care services are designed to help you maintain your current lifestyle as much as possible at a time when you may not be able to be fully independent.

There are several types of long-term care.

The type of care you receive can vary depending on your particular need. "Skilled care" refers to care given by medical personnel, such as a registered nurse or professional therapist. It requires a physician-prescribed plan of care. "Personal care" focuses on helping with your activities of daily living. It is less involved and may be provided by trained professionals or even a family member. Long-term care may also include care management services to evaluate your overall needs.

It isn't just for the elderly.

Most of us think of long-term care as being only for the elderly and those in nursing homes, but that's only part of the story. Forty percent of people currently receiving long-term care services are adults aged 64 and under. And, most people receive long-term care services either in their own home or in the home of a family member—not in a nursing home.

Anyone could need help with everyday routines.

The fact is, anyone at any age may need long-term care at some point in their life. If you sustain an extensive injury or go through a prolonged illness, you may need help with your normal daily activities such as bathing, getting dressed, or just getting around the house. If you become cognitively impaired, you may need help with meal preparation and eating, reminders to take medications, or other kinds of support.

Although these everyday activities may seem mundane, they are essential to maintaining your independence. Your ability—or inability—to perform these regular activities of daily living give long-term care professionals and those in the insurance industry a very practical measure to use when deciding if you need long-term care. Activities of daily living, often referred to as ADLs, include such regular activities as bathing, dressing, using the toilet, transferring to or from the bed or a chair, caring for incontinence, and eating.



Did you know?

60% of people over age 65 will need some type of long-term care.





Exploring your options for long-term care services.

The options available for long-term care services can vary greatly from city to city or region to region. To find out what services are available in your area, visit the Texas Department of Aging and Disability Services website and click on "Help for Texans." www.dads.state.tx.us

Your long-term care needs may change over time.

The amount and type of long-term care services you need will often change gradually over time. For example, early on you may need only occasional help for a few activities of daily living, and may choose to receive that assistance in your own home. Over time, however, you may begin to require more regular assistance and choose to live in an assisted living center.

Whatever your needs, there are an increasing number of long-term care options available for care in the home, in the community, and through facility-based services.

Home-based services

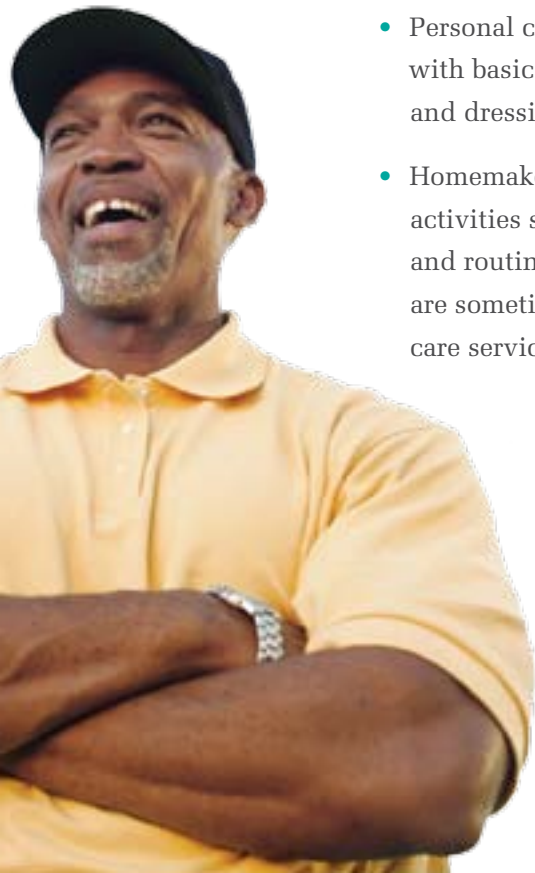
- Home health care typically includes skilled, short-term services, such as nursing, physical therapy, or other therapies ordered by a doctor for a specific condition.
- Personal care services provide help with basic activities such as bathing and dressing.
- Homemaker and chore services include activities such as meal preparation and routine household chores. These are sometimes considered personal care services.

Community-based services

- Adult day service programs provide a variety of health, social, and other support services in a protective setting, typically during normal business hours.
- Meal programs provide meals in group settings or delivered to your home.
- Senior centers provide a variety of social and educational services.
- Transportation services help get you to and from medical appointments, shopping centers, and other destinations.

Facility-based services

- Adult foster care provides a place to live, meals, and 24-hour assistance.
- Board and care homes, also called residential care facilities or group homes, are where residents receive meals, personal care, and other assistance.
- Assisted living centers provide a community setting for those who need some assistance but do not need as much care as provided by a nursing home.
- Continuing care retirement communities allow seniors to remain in the same community setting by providing accommodations designed to meet their health and housing needs, even as these needs change over time.
- Nursing homes and skilled nursing facilities provide the greatest level of care with a full range of services.



Talking to Your Family about Long-Term Care

From a practical standpoint, we all know that talking about long-term care before the need arises makes sense. Yet, more often than not, parents, children, spouses, and partners put off talking about it. Or, even worse, we remain silent hoping that things will “work themselves out.”

Sound familiar?

Talking about aging, finances, and health can be uncomfortable and awkward—they’re extremely personal and complex topics. But putting a plan in place before a crisis occurs can help ensure your long-term care choices are known, understood, and fulfilled. And that plan begins by having honest conversations with those closest to you. Otherwise, you risk having important decisions made for you at a time when emotions are high, the choices are confusing, and there’s little time to carefully consider all the factors—or weigh their implications.

Determine what’s important to you.

This is one of those rare times when it really is all about you. So before you do anything else, take the time to carefully consider and think about the following questions.¹ If possible, have your spouse or partner do the same. When you’re ready, compare your answers. You may be surprised by how much—or how little—your answers differ. And that’s okay. Finding out where you agree or disagree will help guide future decisions and planning.

How will you pay for your long-term care expenses?

1. Have you accumulated enough savings and resources to pay for your long-term care? Are you comfortable with the impact this may have on your ability to leave an inheritance for your family or provide for them in other ways?
2. Would you sell your home to pay for care?
3. If needed, could your children help pay for your long-term care expenses? Would you want them to? Have you talked with them about this?
4. Are you counting on Medicaid? Are you able and willing to meet the eligibility requirements, which may require “spending down” your savings and other financial resources?

How will you maintain control of your finances?

1. Are you comfortable letting someone else take control of your finances? Who would you ask to do this?
2. How important is having peace of mind, knowing you’ve planned in advance for your financial needs?
3. Would you consider designating a financial power of attorney to manage your finances the way you want?

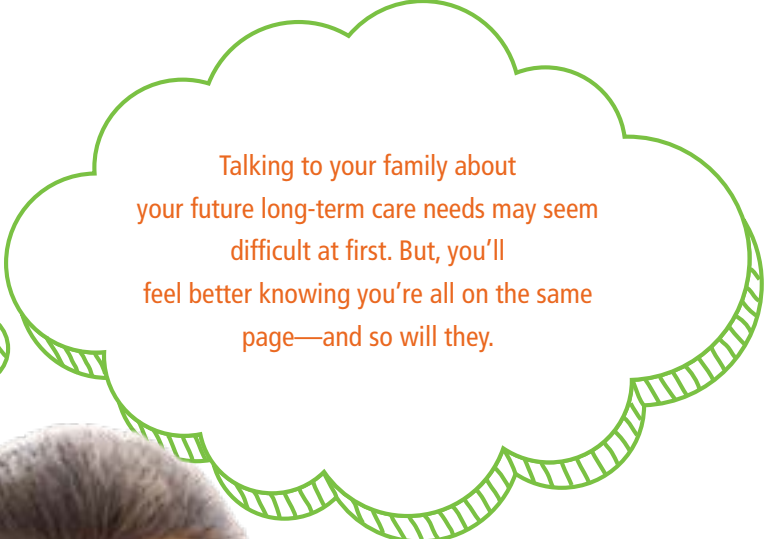
¹Questions based on content developed by Marlene S. Stum, Ph.D., Financial Security in Later Life National Initiative Development Team Member from Family Social Science, University of Minnesota. Copyright 2002 University of Minnesota Regents. Materials may be copied for educational purposes only.



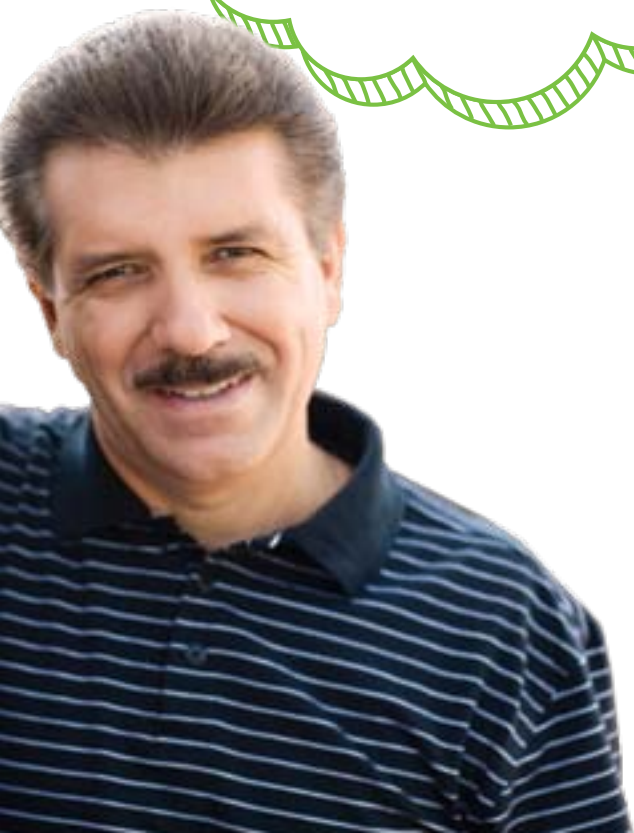


Who will take care of you?

1. Is staying at home for as long as possible important to you? If so, would you be comfortable with in-home assistance?
2. Do you expect friends, children, or other relatives to help take care of you in your home?
3. Would you move in with one of your children or another relative? Have you discussed this with them?
4. Do you consider living in an assisted living facility or nursing home an option?



Talking to your family about your future long-term care needs may seem difficult at first. But, you'll feel better knowing you're all on the same page—and so will they.



Start talking and planning.

Now that you have a better idea of what you want, talk about long-term care with your children, family, or others close to you. What you discuss and with whom are entirely up to you. The important thing is to have the conversation. Once you start, you may find that everyone is incredibly relieved and grateful for the chance to talk about it. Your discussions can provide the foundation as you start creating your long-term care plan.

If you find your family is not comfortable talking about your long-term care needs, acknowledge their feelings, share your reasons for concern, and perhaps try again at a later time. It is important, however, to start building your plan now, even if that means doing so without the input and assistance of your loved ones. Remember, it's your future. Take control of it.

How to start the conversation.

- Be clear about why discussing the issue is important to you.
- Be prepared. Make sure you've thought through key issues.
- Remember that listening is also part of communication. Recognize that family members will have feelings and opinions that may differ from yours.
- Look for natural opportunities to talk. Use other people's circumstances to start a discussion with your family. Ask, "What would you have done if you were in that situation?"
- Open the conversation with some of your concerns about the long-term care decisions you're facing.
- Don't try to tackle too many issues at once. It may be easier to have a series of conversations over time.

How Much Will I Need for My Long-Term Care Expenses?

Of course, no one can predict the future, which makes it difficult to determine how much you may need for your long-term care expenses. But, be as prepared as possible by considering a few factors:

- **Your age and gender:** The chance of needing long-term care generally increases as you get older. Because women live longer, they are more likely to need long-term care than men.
- **Your family history:** Have other members of your family needed long-term care services? If so, what type and for how long?
- **Your current health:** Are you in good general health? Do you have any current health conditions that may increase your likelihood for needing long-term care?
- **The national average:** According to AARP, the average length of a nursing home stay is approximately two-and-a-half years.
- **Changing needs:** Remember, the amount and type of long-term care services you will need often increases over time.
- **Your family situation:** You might plan for less overall long-term care if you have family members or loved ones who agree to provide—even for a limited time—any of the home-based care you need. If you are single, however, you may be more likely to need care from a paid provider.



You can find interactive calculators that help estimate inflation-adjusted costs at the time you may need long-term care services, as well as find average costs for services in your specific city or region at: www.OwnYourFutureTexas.org.

Worksheet: Estimating Your Long-Term Care Expenses.

This worksheet can help you estimate how much you may need for your long-term care expenses. Consider the factors discussed above when estimating how long you may need each type of service. Refer to page 5 for explanations of these services.

Type of Service	Average Monthly Cost*	Anticipated Length of Time Needed (Months)	Anticipated Total for Service
Adult Day Services	\$1,170	x	=
Home Health Aide (4 hours per day)	\$3,360	x	=
Assisted Living Facility	\$2,764	x	=
Nursing Home (Private Room)	\$4,800	x	=
Nursing Home (Semi-Private)	\$3,570	x	=
Anticipated Total Need			

The amount you determined as your anticipated total need can help you plan for your long-term care expenses. Remember, this amount will significantly increase over time due to inflation and other factors.

*The costs presented in this worksheet are the average costs for services in the state of Texas as of 2008. Costs may vary in your area.



Paying for Long-Term Care Expenses: What are My Options?

Now that you have spent some time thinking about your long-term care options and how much your care may cost, it's time to figure out how best to pay for those expenses. Think about combining funding sources. For example, consider combining personal income and savings with a long-term care insurance policy.

Personal income and savings

Some people may be able to pay for their long-term care services “out of pocket.” However, this could divert finances from other vital needs, such as your spouse’s living costs. Consider too that at the time you need long-term care, you may not have a source of income other than your savings. If you choose to depend on your personal income and savings, there is a chance you may need to turn to your adult children to help with the high cost of long-term care.

Long-term care insurance

Long-term care insurance policies can be customized in a number of ways, enabling you to get the services you need in the settings that suit you best. The cost of your long-term care insurance policy is determined by several factors including:

- The type and amount of services you choose to have covered.
- Your age when you buy the policy.
- Any optional benefits you select.

Long-term care insurance can help ensure you have the funds available to pay for your long-term care services when you need them.

Home equity

By the time you need long-term care, you may have greatly reduced or paid off your home mortgage or the value of your home may have risen beyond its original purchase price. If so, there are several ways you can use that equity to pay for long-term care. These options may not be right for everyone, so make sure you thoroughly understand the implications of each. Options to consider include:

- Sale of your home.
- Sale-leaseback.
- Reverse mortgage.
- Conventional home equity loan.
- Home equity conversions.
- Reverse annuity mortgage.
- Home modification loans.

Life insurance

There are several ways you may be able to use your life insurance policy to help pay for long-term care. Check to see if your policy includes “accelerated death benefits” or a long-term care rider.

Annuity contracts

Some annuity contracts allow you to withdraw money without a penalty to pay for long-term care services. If you have an annuity, you may want to see if your contract includes this option or a long-term care rider.



Medicare, Medicaid, and Long-Term Care

Despite what many people believe, very few government programs will help pay your long-term care expenses, and those that do have strict eligibility requirements and limits on what is covered.

Medicare

Medicare is a health insurance program for people age 65 or older, some disabled people under age 65, and people of all ages with end-stage renal disease. You should not count on Medicare to pay for your long-term care needs. Medicare pays little or nothing for care that helps people with activities of daily living for long periods of time. Medigap insurance (supplemental insurance for Medicare) is not intended to meet long-term care needs either, and provides no coverage for the vast majority of long-term care expenses.

Medicaid

Medicaid provides health-care services for low-income individuals. In Texas, Medicaid pays for some long-term care services at home and in the community. However, you must qualify for Medicaid. Your eligibility will be determined by your need for long-term care services and your income and other financial resources, which must be at or below set limits.

To qualify for long-term care through Medicaid:

- You must meet Medicaid income eligibility based on “countable income” limits. In 2009, the monthly income limit for a single person was \$2,022, and \$4,044

for a couple. What’s considered countable income varies depending on your personal circumstances.

- You must have no more than \$2,000 in “countable resources” for a single person, or no more than \$3,000 for a couple.
- You cannot have home equity in excess of \$500,000.
- Neither you nor your spouse can transfer income or assets in order to qualify for Medicaid without incurring a penalty. You also cannot have transferred any resources in the 48-month period prior to your application. The block of time these transfers are prohibited is called the “look-back period.” By January 2011, the look-back period will increase to 60 months.
- You must have a “medical necessity”—a medical condition that requires the type of care provided in a long-term care facility, such as a nursing home. If you qualify, there is usually no wait for these facility-based services. The medical necessity designation also allows you to receive wide-ranging home- and community-based services, but because demand for these services is high, these services may not be immediately available.

If you do not meet the medical necessity designation, you may still be able to qualify for some personal care services that help with activities of daily living. Though you may not have to wait for these services, they are more limited.

In essence, you will likely have to “spend down” your countable resources if you hope to qualify for Medicaid long-term care services. This includes your savings and other resources that can be converted to cash. If you qualify but still have income, Medicaid may also require that you pay a monthly co-payment to your long-term care facility or service provider. Any additional expenses Medicaid pays for your care may be recovered from your estate.

For anyone who has worked and saved for the future, accessing long-term care through Medicaid can be challenging and financially draining.

One other note: Medicaid is a payer of last resort. If you qualify for Medicaid but have other health-care coverage, long-term care coverage, or another party is liable for your medical expenses, those sources will have to pay first before Medicaid pays your long-term care claims.

Medicare, Medigap, and Medicaid Coverage for Long-Term Care Services.*

Long-Term Care Service	Medicare	Private Medigap Insurance	Medicaid
Nursing home care	Pays in full for the first 20 days for approved amounts in a skilled nursing facility, but only after a three-day hospital stay. If you still need skilled care, will pay all but a co-payment of \$133.50/day for days 21-100 per each benefit period.	May cover the \$133.50/day co-payment if your nursing home stay meets all other Medicare requirements.	May pay for care in a Medicaid-certified nursing home if you meet functional and financial eligibility criteria.
Assisted living facility (and similar facility options)	Not covered.	Not covered.	Texas Medicaid does not pay for assisted living except through waiver programs, which have limited funding and require a wait period. Financial and functional eligibility requirements must be met.
Continuing care retirement community	Not covered.	Not covered.	Not covered.
Adult day services	Not covered.	Not covered.	May cover up to 10 hours per day, five days per week. May include nursing and personal care, noon meal and snacks, transportation, and recreational activities. May not be available in all parts of the state.
Home health care	Does not pay if you only need personal care or homemaker services. Covers part-time or intermittent skilled nursing care; home health aide services (if you are receiving skilled nursing care); and some therapies ordered by a Medicare-certified home health agency.	Not covered.	Texas Medicaid may pay for limited services, usually for less than 60 days, or through waiver programs, which have limited funding and require a wait period. Financial and functional eligibility requirements must be met.

*Data as of December 2009; Medicare and Medigap data provided by www.longtermcare.gov.

Understanding Long-Term Care Insurance

Long-term care insurance can help take the worry out of how you'll pay for ever-increasing long-term care costs. With this increased security, you'll have more freedom to determine the best options for meeting your long-term care needs.

You insure your home, your health, even your car. So why not purchase insurance that will cover possibly the most expensive reality of life—long-term care?

Services covered by long-term care insurance

Not all long-term care insurance policies cover all services, nor do they all pay the same for similar services. Don't hesitate to ask your agent as many questions as it takes to clearly understand your policy. Some of the most common long-term care services are:

- Home health-care services, which may include skilled nursing care and physical therapy.
- Personal care in your home, which may include some homemaker services such as running errands or housekeeping.
- Adult day services.
- Assisted living care.
- Nursing home care.

Other services offered by some policies include hospice care, respite care, care after a hospital stay, help with household chores, or caregiver training for family members.

Services not covered by long-term care insurance

Long-term care policies may exclude coverage for some conditions, either completely or for a limited time.

Pre-existing conditions

An illness or disability for which you received medical advice or treatment in the six months prior to applying for long-term care coverage may be excluded for up to six months after the policy's effective date.

Mental health and nervous disorders

Coverage of some mental health and nervous disorders may be excluded, but the policy must cover Alzheimer's disease and other age-related disorders. However, a company can deny coverage to a person already suffering from Alzheimer's.

Care by family members

Most policies will not pay members of your family to take care of you, though some will pay to train family members to be caregivers.

Other exclusions

Texas long-term care policies may exclude coverage for certain conditions resulting from such things as alcoholism and drug addiction, commission of a felony, or intentionally self-inflicted injuries. Consult with a long-term care insurance agent for more information.



In general, it's better to buy long-term care insurance at a younger age while you're still healthy. Your premiums will be lower.



Long-term care insurance may be more affordable than you think. For an overview of long-term care insurance rates, visit www.OwnYourFutureTexas.org.



Did you know?

If you purchase a tax-qualified long-term care policy, you may be able to deduct part of the premium from your taxes as a medical expense, and the benefits you receive from the policy are generally not taxable as income.

To learn more, download *A Shopper's Guide to Long-Term Care Insurance* at: www.OwnYourFutureTexas.org.



How long-term care insurance works

Getting covered

Long-term care insurance companies will sell you a policy only if you meet their established health guidelines. So, it makes sense to apply for coverage when you're young and healthy. Answer all health questions truthfully and thoroughly. Failing to do this may result in the insurance company canceling your policy or refusing to pay your claims.

When benefits start

Different policies may have different "benefit triggers"—conditions that must exist in order for an insurance company to pay benefits. For example, a tax-qualified policy will only pay benefits when you are unable to perform at least two of six activities of daily living without substantial assistance for at least 90 days, or have a cognitive impairment, such as Alzheimer's. You must also have a plan of care prescribed by a licensed health-care practitioner. Non-tax-qualified policies may have benefit triggers that are less restrictive.

When payments start

There is generally a waiting period before a long-term care policy begins paying for your care. This is known as the "elimination period," and it begins when your benefits have been triggered. You may have to pay for any long-term care services you receive during that time. The most common options are for benefits to start at 20, 30, 60, 90, or 100 days after you begin to receive covered services.

The amount of your benefits

When you buy a long-term care policy, insurance companies let you choose a daily benefit amount for care in a nursing home, usually between \$50 and \$350 per day. If a policy covers home care, the benefit is usually a portion of the nursing home benefit, such as 50% or 75%. It is important to know the costs of long-term care services in your area before you choose the benefit amounts for your policy. For information on costs, visit www.OwnYourFutureTexas.org.



Understanding Long-Term Care Insurance

How long benefits will be paid

It's most common for benefits to be paid for one, two, three, or five years, or for your lifetime. Generally speaking, the longer the benefit period, the higher the premiums. The lifetime maximum amount for the policy is usually calculated based on the daily benefit and the number of years you have chosen for your benefit period.

Renewals and cancellations

In Texas, long-term care policies are “guaranteed renewable.” This means the company must renew your policy each year unless you misrepresented your health status in your application, failed to pay your premiums, or exhausted your benefits.

You can cancel your policy at any time by providing notice to the insurance company. When canceling, check your policy for how it treats “unearned” premiums—premiums you have paid in advance for coverage that has not yet been provided.

Premium increases

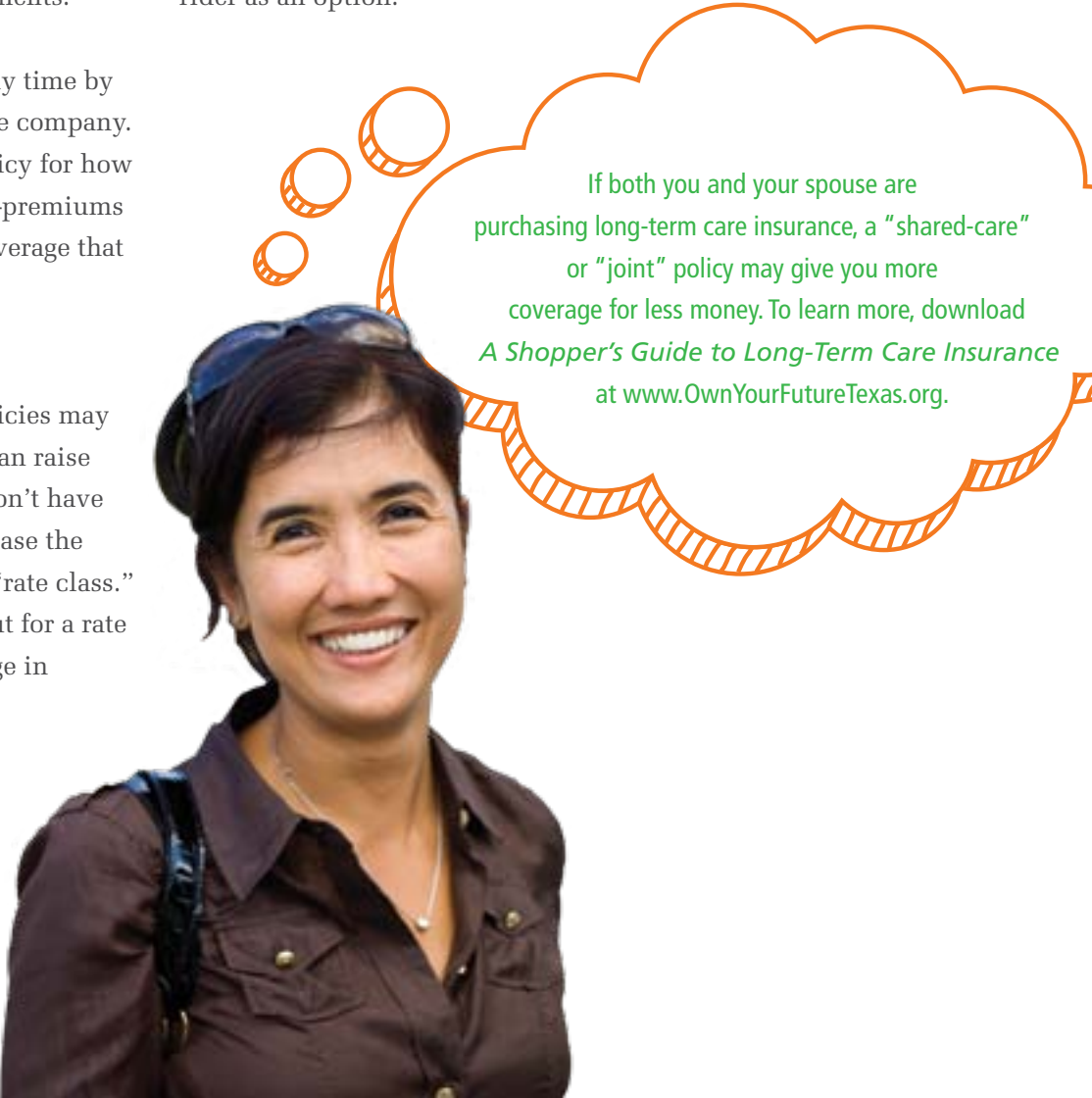
Premiums on long-term care policies may increase over time. Companies can raise the premiums on policies that don't have fixed rates, but only if they increase the premiums for everyone in your “rate class.” A company cannot single you out for a rate increase, regardless of any change in your health or the number of claims you've made.

Optional policy features

All long-term care insurance policies sold in Texas must offer the following optional features. Be aware, there may be an additional cost for these features.

Inflation protection

Inflation protection can help ensure your benefits keep up with the rising cost of living. Even a 3% inflation rate can cut the value of your dollar in half over 25 years. You should also assume health-care costs will rise more than the general inflation rate as the Baby Boomer Generation ages. All long-term care insurance policies must offer a 5% compound annual inflation protection rider as an option.



If both you and your spouse are purchasing long-term care insurance, a “shared-care” or “joint” policy may give you more coverage for less money. To learn more, download *A Shopper's Guide to Long-Term Care Insurance* at www.OwnYourFutureTexas.org.



How is long-term care insurance different from health-care, disability, and other forms of insurance? Find out at: www.OwnYourFutureTexas.org.



Ask your current or former employer if you are eligible for group long-term care insurance, savings plan annuities, or similar long-term care benefits.

Nonforfeiture benefit

If you cancel your policy or lose coverage, a nonforfeiture benefit guarantees you will receive some of the benefits you have paid for. Generally, a nonforfeiture benefit will pay up to the total amount of all premiums paid, or 30 times the daily nursing home benefit at the time your policy lapsed—which ever is greater. A nonforfeiture benefit can significantly increase your premiums. If you decide not to purchase this option, you must reject the offer in writing.

Additional optional features

In addition to inflation protection and nonforfeiture benefits, many companies may offer you other optional features as well. These options will increase your premium costs, so carefully consider if they are right for you.

Waiver of premium

When you are in a nursing home and the insurance company has started to pay benefits, the waiver of premium feature allows you to stop paying premiums. Companies may waive the premium as soon as they make the first benefit payment or after a specified time, usually 60 to 90 days. This provision may not apply if you are receiving certain benefits such as home health care or adult day care.

Restoration of benefits

Many policies restore benefits to the original maximum amounts if you don't need long-term care services for a specified period—usually 180 days—after having received benefits.

Refund of premium

Some companies will offer a benefit that will allow you to have some or all of your premiums refunded, minus any claims paid. However, the terms of this benefit such as age limits, how it is refunded, or benefit amount, can vary.

As with all optional features, always be sure you fully understand the terms and conditions of what you're buying. Ask your long-term care insurance agent for any clarification you may need.



Texas Long-Term Care Partnership-Qualified Policies

Texas Long-Term Care Partnership-qualified policies provide benefits, features, and



consumer protections that are not available with other long-term care policies. These additional features offer even greater protection of your financial resources, such as your home and savings. Only agents who have completed training required by the Texas Department of Insurance may sell Partnership-qualified policies.

Advantages of Partnership-qualified policies

Dollar-for-dollar resource protection

A long-term care insurance policy can offer a great deal of comfort and security for you and your family. But, the future is unpredictable. There's no way to know if you've purchased enough coverage. What if your policy runs out and you need even more long-term care services? If you have to apply for Medicaid to cover these costs, you will likely have to "spend down" your savings and other resources to qualify.

Having a Texas Long-Term Care Partnership-qualified policy can help preserve some of the financial security you worked your whole life to build. That's because for every dollar that a Partnership-qualified policy pays out in benefits, a dollar of your financial resources will be set aside when determining if you qualify for Medicaid.

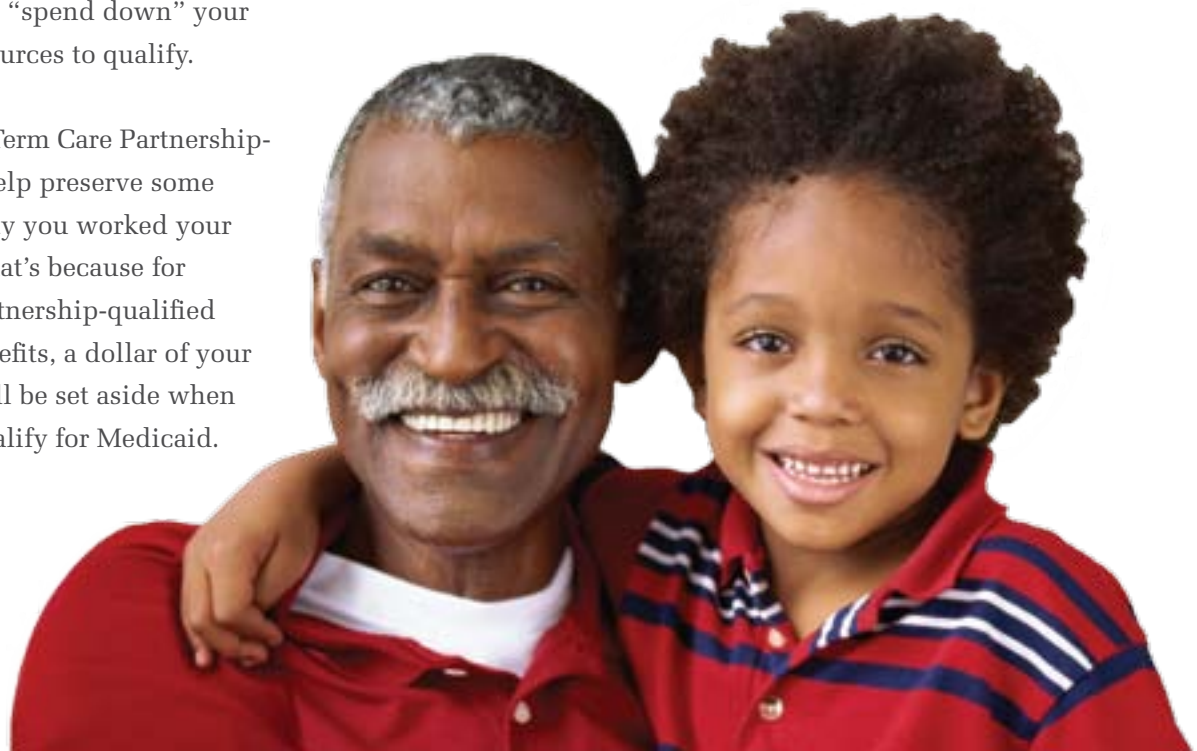
For example, assume you purchase a Partnership-qualified insurance policy that will pay up to \$50,000 in benefits, and you receive your maximum benefit. If you later need to apply for Medicaid, \$50,000 of your countable resources will be set aside when determining your eligibility. And, if you receive long-term care services through Medicaid, the state will not attempt to recover this \$50,000 in protected resources from your estate.

It's important to note that buying a Partnership-qualified policy does not automatically qualify you for Medicaid should you need long-term care services once your policy runs out. It does, however, allow you to keep a portion of your resources, even as you are considered for Medicaid coverage.

This dollar-for-dollar resource protection feature is only available with Partnership-qualified long-term care insurance policies.



To learn more about Medicaid's eligibility requirements, estate recovery policies, and other guidelines, visit www.hhsc.state.tx.us. Click on the link, "Does Your Family Need Help?" then click on "People 65 and Older and People with Disabilities."





For a side-by-side comparison of tax-qualified and non-tax-qualified policies, visit: www.OwnYourFutureTexas.org.

Inflation protection

Over time, the price of everything goes up, and long-term care services are no exception. In fact, the cost for long-term care services may even rise faster than inflation due to the high demand for services by the aging Baby Boomer Generation. That's why Partnership-qualified policies provide varying levels of inflation protection based on your age.

- **Under 61 years old:** You must purchase and retain some level of compound annual inflation protection. Insurance companies must offer you 5% compound annual inflation protection, but you can choose to purchase at a lower rate.
- **Ages 61 to 76:** You must purchase and retain some form of inflation protection, either compound or some other form, until you reach age 76.
- **After age 76:** Insurers must offer inflation protection, but you don't have to purchase or retain it.

Tax-qualification

All Partnership-qualified policies are tax-qualified. This means you may be able to deduct part of the premium from your taxes as a medical expense. In addition, the benefits you receive from a Partnership-qualified long-term care policy are generally not taxable as income.

For more information on the tax implications of purchasing a Texas Long-Term Care Partnership-qualified policy, consult with a tax advisor or visit www.OwnYourFutureTexas.org.

State-to-state coverage

Texas Partnership policyholders who relocate to another state may be eligible to receive dollar-for-dollar resource protection, just as they would if they applied for Medicaid in Texas. For a list of participating states, visit www.OwnYourFutureTexas.org.

Ask about a Texas Long-Term Care Partnership-qualified policy.

When you're shopping for a long-term care policy, be sure to look for a Texas Long-Term Care Partnership-qualified policy. All Partnership-qualified policies will be accompanied by a statement that identifies the policy as "Texas Long-Term Care Partnership-qualified."



For a list of insurance companies that sell Partnership-qualified long-term care policies, visit www.OwnYourFutureTexas.org.

Worksheet: Determining if Long-Term Care Insurance May be Right for You.

After answering these questions, you should have a better idea if long-term care insurance is right for you.

Personal Considerations			
Does your family have a tendency for long life expectancy?	Yes	No	
Is there a history of chronic or debilitating health conditions in your family?	Yes	No	
Is there a history of Alzheimer's or dementia in your family?	Yes	No	
Have other members of your family required assistance with daily living activities for a period of longer than three months?	Yes	No	
Do you have a spouse, adult children, or other family members who can care for you at home?	Yes	No	
Financial Considerations			
Premiums			
How will you pay your long-term care insurance premiums?	Income	Savings/investments	
Will your family contribute anything toward your long-term care insurance premiums?	Yes	No	
Can you afford the policy if premiums increase, for example, by 20%?	Yes	No	
Are you planning to retire in the next five to 15 years? If so, how will retirement impact your ability to pay your premiums?	No impact	Minor impact	Major impact
Income			
What is your annual income?	\$		
How do you expect your income to change over the next 10 years?	No change	Increase	Decrease
Will you be able to afford the policy if your income decreases?	Yes	No	
Resources			
Not counting your home, how much are all of your resources worth? Include your savings and investments.	Under \$30,000	\$50,000 to \$75,000	
	\$30,000 to \$50,000	Over \$75,000	
How do you expect your resources to change in the next 10 years?	No change	Increase	Decrease
Do you have enough resources to justify the expense of a long-term care policy?	Yes	No	

Is Long-Term Care Insurance Right for Me?

There are two costs to long-term care—financial and emotional. Ask yourself: “What is the value of knowing my long-term care expenses will be covered? What is the value of being in control of my own long-term care choices? How important is it to be independent for as long as possible?”

Long-term care insurance can go a long way toward securing your future. But it’s not right for everyone. Generally, financial planners recommend you consider long-term care insurance if you have resources of at least \$75,000 (not including your car or home); have annual retirement income of at least \$25,000 to \$35,000 for an individual or \$35,000 to \$50,000 for a couple; and are able to pay the premiums without financial difficulty, even if the premiums increase over time.

Long-term care insurance is probably not right for you if any of the following apply:

- You cannot afford the premiums.
- You have limited resources.
- Your only source of income is Social Security or Supplemental Security Income.
- You often have trouble paying for utilities, food, medicine, or other important needs.
- You are on Medicaid.

If you think long-term care insurance is right for you, consider your personal and financial situation. If possible, talk to a trusted financial advisor to determine if you should buy a policy.



Creating Your Comprehensive Long-Term Care Plan

Determining how you will pay for your long-term care expenses is a crucial part of creating your long-term care plan, but it's just one of many elements to consider. To create a truly comprehensive plan, you also need to consider other things, such as your personal situation, housing, and legal issues. These planning steps can help you make sure you're creating a well-rounded plan of action.

Personal planning steps

✓ **Assess your likelihood of needing long-term care services.**

Talk with your doctor about whether you might be more likely to need long-term care based on your medical and family history or lifestyle choices. If necessary, revise the worksheet on page 8 based on this information.

✓ **Help maintain your health and independence.**

Many people fail to make the connection between healthy behaviors today and the impact on life as you age. Healthy eating, physical activity, mental stimulation, and regular health care are important in maintaining health and independence.

✓ **Talk with your family about caregiving.**

It is estimated that individuals turning 65 today could need up to three years of long-term care services, with almost two years of that care provided at home. Talk to your family (spouse, adult children, siblings) or friends who have the ability and desire to care for you if you became ill or disabled for a long time. Refer to pages 6 and 7 of this guide to help get the conversation started.

✓ **Get familiar with local resources.**

The time to become familiar with the long-term care services and resources in your area is well before you may ever need them. Visit local facilities and talk to them about their services and costs so you can know your options ahead of time.

Financial planning steps

✓ **Review your current insurance coverage.**

Do you know if your current health-care insurance would pay if you needed to be in a nursing home or needed care at home for an extended illness? To learn what is covered and what is not, review the policies you have with your insurance advisor or employer's benefits counselor.

✓ **Decide if you can—or want—to pay for long-term care privately.**

If you don't have coverage for long-term care or prefer to pay using your own resources, do you know if you would be able to cover all the costs with your retirement income and savings? Think about the financial resources you have and how you feel about using them to pay for long-term care. This could include various sources of income (for example, Social Security, pension, interest income, dividends from investments, or payments from a 401(k) or IRA), as well as cash, savings, stocks and bonds, and your home.

✓ **Look for other resources that may cover your long-term care expenses.**

Consider all your financing options, including long-term care insurance. Review these options carefully to make sure you understand all the details, eligibility requirements, and costs.

Housing considerations

✓ **Your current home or a new independent living situation?**

If you are like most people, you plan to stay in your own home for as long as possible. Some important things to consider include: the condition of your home and how much it will cost to maintain, how accessible your home would be if you become less independent, the cost of modifications if you need them, and the availability of long-term care support services in the area.

If you decide to move, look for universal design and accessibility features that will accommodate your needs if you become less independent. Consider a single-level house, accessible condominium or apartment, or a retirement community that provides support services such as transportation and housekeeping. Before you decide to move, also consider your home's value, how much equity you have, the potential advantages of both buying and renting, and the related tax and legal issues, as well as whether this will be a short- or long-term move.

Advance-care and legal planning

✓ **Advance-care planning**

It's important to decide what types of care you want to receive in times of emergency or when facing end-of-life situations. You should consider your options while you have time to think through them clearly, and then discuss your preferences with your family and those close to you. Making your wishes clear ahead of time decreases the chance of future conflicts and takes the decision-making burden off your family. Your plan should reflect your personal values and beliefs, and be adaptable if circumstances change.

✓ **Legal documents**

Generally, there are two types of legal documents you will need. A "medical power of attorney" appoints a specific person to make health-care decisions for you at any time you are unable to do so for yourself. In the event you become unable to speak for yourself, a "living will" provides written instructions for your care, including the extent to which you wish to receive life-sustaining medical treatments. Both of these documents are available at www.OwnYourFutureTexas.org.



Worksheet: Planning for Long-Term Care Expenses

Now that you have started thinking about your long-term care plan, it's time to consider how you might pay for it. There are a number of options, including long-term care insurance, savings plan annuities, certain life insurance policies, or home equity. To help guide your planning process, use this worksheet and the helpful online calculators at www.OwnYourFutureTexas.org. Of course, these tools are for guidance only—they can't provide all the answers—so it's always a good idea to consult with a financial planning professional, if possible.

Step 1

Begin with the costs you estimated for your long-term care expenses on page 8 of this guide, and then adjust for inflation. Use the online calculator at www.OwnYourFutureTexas.org to calculate the inflation-adjusted amount.

	Total anticipated long-term care expenses
Estimated costs, as determined on page 8	\$
Estimated costs, adjusted for inflation	\$

Step 2

Now consider the financial resources you anticipate having available at the time you may need long-term care. Be sure to adjust these numbers to account for inflation or increasing value of resources such as home equity or personal savings. You can use the online calculators at www.OwnYourFutureTexas.org to help you do this.

	Anticipated resources available for long-term care expenses	
	Today's value	Adjusted for future value
Personal savings	\$	\$
Life insurance benefit	\$	\$
Annuity contracts	\$	\$
Home equity	\$	\$
Other funding sources	\$	\$
Total resources available	\$	\$

Step 3

Here's where you look at your estimated costs for long-term care compared to the total resources you think may be available. Subtract your total resources available from your estimated costs.

Estimated costs, adjusted for inflation	\$
Less total resources available, adjusted for future value	\$
Difference	\$

If your estimated costs are greater than your total resources available, you may want to consider purchasing a long-term care insurance policy to make up the difference.

Should you consider long-term care insurance?

Even if your anticipated resources are greater than your estimated costs, you may want to consider purchasing a long-term care insurance policy if:

- You are concerned that the financial resources you need to pay for your long-term care costs may not be available when you need them.
- Leaving an inheritance to your family is important to you.
- You want to have more choices and options for financing your long-term care.
- You want greater peace of mind.
- You want to reduce the burden for others who will feel responsible for your care.
- Protecting your financial security is important to you.
- You want to increase your chances of having a good quality of life, regardless of your health status.
- Purchasing a long-term care insurance plan makes sense given your current financial situation.

Worksheet: Comparing Long-Term Care Insurance Policies

If you decide long-term care insurance is right for you, use this worksheet to compare various policies. It's a good idea to compare the costs and benefits of policies from at least three different insurance companies. Make sure you buy from a reliable company that is licensed by the Texas Department of Insurance to sell long-term care insurance. For a list of companies offering Partnership-qualified policies, visit www.OwnYourFutureTexas.org.

	Policy 1		Policy 2		Policy 3	
Company Information (insert company name)						
Telephone number						
Financial rating						
Consumer complaint index						
Company licensed in Texas (yes or no)						
Number of years in business						
Policy form number						
Number of years selling policy form						
Premium Amounts						
Premium without riders and discounts	\$		\$		\$	
Premium with home health care	\$		\$		\$	
Premium with inflation protection	\$		\$		\$	
Premium with nonforfeiture benefit	\$		\$		\$	
Premium for optional rider:	\$		\$		\$	
Premium for optional rider:	\$		\$		\$	
Discounts you qualify for		%		%		%
Premium with riders and discounts	\$		\$		\$	
Benefits the Policy Provides						
Years of coverage provided						
Total lifetime benefit						
Pre-existing condition wait period (yes or no)						
Benefits adjusted for inflation protection (yes or no)						
Tax-qualified policy (yes or no)						
Services the Policy Provides						
Nursing home care (yes or no)						
Assisted living facility care (yes or no)						
Home health care (yes or no)						
Daily and Monthly Policy Limits	Daily	Monthly	Daily	Monthly	Daily	Monthly
Nursing home care	\$	\$	\$	\$	\$	\$
Assisted living facility care	\$	\$	\$	\$	\$	\$
Home health care/adult day care	\$	\$	\$	\$	\$	\$
Elimination Periods (list number of days for each)						
Nursing home care						
Home health care						

For More Information and Assistance

Visit www.OwnYourFutureTexas.org

At the Texas Long-Term Care Partnership website, you'll find additional information and tools, including educational quizzes, interactive calculators, advance-care documents, companies offering Partnership-qualified long-term care insurance policies, and much more!



Long-term care information

National Clearinghouse for Long-Term Care Information

www.longtermcare.gov
202-619-0724

Texas Medicaid program information

Texas Health and Human Services Commission

www.hhsc.state.tx.us
Dial 2-1-1

Medicare information

www.medicare.gov
1-800-Medicare (1-800-633-4227)

Services for those who are aging or have a disability, and their caregivers

Texas Department of Aging and Disability Services

www.dads.state.tx.us
512-438-3011

Local Area Agencies on Aging (AAA)

www.dads.state.tx.us/contact/aaa.cfm
1-800-252-9240

Administration on Aging

www.aoa.gov
202-619-0724

Eldercare Locator

www.eldercare.gov
1-800-677-1116

Family Caregiver Alliance

www.caregiver.org
1-800-445-8106

Long-term care for federal employees and annuitants

The Federal Long Term Care Insurance Program

www.ltcfeds.com

Legal rights and consumer protection information

Consumer Rights and Services Hotline

1-800-458-9858

Texas Department of Insurance

www.tdi.state.tx.us
1-800-252-3439 / 512-463-6515

Texas Legal Services Center

www.tlsc.org
1-800-622-2520



The Texas Long-Term Care Partnership was created by the Texas Legislature to give Texans like you the information and tools you need to plan for long-term care.

www.OwnYourFutureTexas.org